



**CITY OF STATESBORO
COUNCIL BUDGET WORK SESSION MINUTES
May 09, 2023**

A work session of the Statesboro City Council was held on May 09, 2023 at 2:00 p.m. in the Council Chambers at City Hall. Present were Mayor Jonathan McCollar, Council Members: Phil Boyum, Paulette Chavers, Venus Mack, John Riggs, and Shari Barr. Also present was City Clerk Leah Harden, City Attorney Cain Smith, City Manager Charles Penny, Assistant City Manager Jason Boyles, Finance Director Cindy West and Public Information Officer Layne Phillips.

Mayor Jonathan McCollar called the meeting to order.

Review of the Proposed City of Statesboro Fiscal Year 2024 Operating Budget.

City Manager Charles Penny presented the “City Manager’s Proposed FY 2024 Annual Operating Budget.” The FY 2024 budget objectives include, retaining and recruiting exceptional employees, emphasis on utility infrastructure growth, tax base and revenue growth, and emphasis on public safety. The FY 2024 budget is a 24.8% increase from FY2023 with an 8.2% increase in the General Fund.

Compensation and benefits review includes a 5% pay plan adjustment due to inflation, per the City’s consulting firm Condrey and Associates. The federal inflation rates in 2021 was 7% in 2022 6.5% and in 2023 6%. In addition the continuation of pay for performance. The current & future opportunities are to position Statesboro for growth in the region, grow the downtown center, keep the pay plan up to date, and advance a creative, inclusive, and professional culture.

Mr. Penny continued with concerns and unknowns stating that a significant amount of fund balance will be necessary to balance this year’s budget and that nearly 25% of the total value for real and personal property is non-taxable. The Old Register TAD will need to be refinanced and this year more than ever we are looking at labor market challenges.

Director of Finance Cindy West present the projected FY 2024 Budget in brief which includes the general fund, enterprise funds, special purpose sales tax funds, hotel/motel tax, and grant funds. Excluding internal funds and fund transfers total expenditures for FY 2024 comes in at \$91.4 million up from current fiscal years’ \$73.25 million. The General Fund expenditures will increase about \$1.6 million which is about 8% due to personnel, benefits, as well as increases in operating costs.

Revenue trends reflect a 17% overall increase in General Fund revenues and a 10% increase in the property tax digest. Mr. Penny presented a bar chart showing the City’s current property tax rate compared to other cities comparable to Statesboro. Statesboro is in the middle of the pack with a tax rate of 7.308. The City has a lower rate than that of Bulloch County Board of Commissioners and the Board of Education. A one mill increase for Statesboro would generate a little over \$900,000. In the proposed budget we are showing an increase in our property tax revenue, from growth and from a possible increase in the millage rate in order to balance the budget. The city is at a good place when it comes to debt service there is just a small amount of debt in the general fund. The Old Register TAD will need to be refinanced early in the 2024 Fiscal Year.

When we look at balancing the budget \$366,651 of fund balance will be used to balance the Fire Fund. We are currently in discussion with Bulloch County and we are asking them for an increase in the millage rate in the five mile district in order to cover our costs. The next meeting with the county is Monday May 22, 2023. We have informed the county that we are willing to meet with the county residents in the fire

district to explain to them how we provide services, what they get for these services and what the actual costs are.

Councilmember Phil Boyum stated we need to be sure to remind the residents that if they do not have the fire services from the Statesboro Fire Department, their ISO rating would increase substantially. Which would affect how much they pay.

The General fund highlights include authorization for the police department to over hire 4 additional officers. The percentage of general fund budget applied to salary and benefit is 64.6%. Projected increased expenditures include salaries and benefits, small business recruiter, debt service, street and parks contract labor, compensation study, and police small tools. The public safety highlights affecting the proposed budget include the SAFER grant award, the five mile district agreement with Bulloch County and the need for a third fire station due to the increase of personnel.

City Manager Charles Penny reviewed the fund appropriation levels. The water/sewer fund stating there is a proposed 10% increase to the base fees, utility infrastructure expansion and the addition of a new position for an assistant public utilities director. The stormwater fund does not include a fee increase but just to maintain a fund reserve and to implement essential capital projects. The natural gas fund shows a base fee increase, a new rate for generator, new industrial firm rate, and to continue pursuing opportunities for expansion and system growth. Solid waste collection and solid waste disposal funds include a proposed 10% fee increase, increase transfer to the General Fund and expanding the inert landfill.

The capital project priorities include housing rehabilitation, using interest earned from ARPA funds for replacement housing, sewer installation in unserved areas, and the transportation master plan. There are two new programs beginning the end of FY2023 and will continue they are the transit system and the summer concert series.

Mr. Penny stated we needed to look at a Millage rate increase, if there is not one this year we would be faced with one next year. In the Budget 1 Mil will generate \$914,911, this year. An example of what a 2 mill increase would look like for a home valued at 200,000 is an additional \$156 a year. Mr. Penny asked the council to consider a millage rate increase. The reason this is important is because this year we used \$600,000 of fund balance. Last year the fund balance was 54% of our budget, this year it dropped to 46% of our budget.

Assistant City Manager Jason Boyles presented the Enterprise Fund proposed rate increases. Beginning with the solid waste disposal fund has a proposed 10% increase per ton and increasing the fee for bulk tires to \$230 per ton. The solid waste collection fund also has a proposed fee increase residential and commercial polycarts and dumpsters as well as increase tippage fee for roll-off. In addition the elderly/low-income credit will increase from \$3.95 to \$7.00 per month. Based on the report from Raftilis that was presented last year no increase in the water user fee is proposed but it is proposed to have a 10% increase on the sewer side. Currently the base fee for water is broken down into four categories, residential, commercial, government, and industrial we are proposing changing the base rate factor to be charged by water meter size. The elderly/low-income credit per month for water/sewer will increase from \$2.00 to \$6.00 inside the city and from \$4.00 to \$8.00 outside the city. The per gallon aid to construction fee will have an increase as well. The natural gas fund shows increases to tap fees, base charges, labor charges with the addition of two new fees one for "industrial firm" and one for "standby" (generators and pumps). There is also proposed an increase in rebates through the customer assistance program.

In summary the FY 2024 budget is financially sound, has strong reserves, good growth in property values, new investment, and looking out for our employees. We could balance the budget without increasing the millage rate it would require the use of \$1.34 million of fund balance in order to do so. Last year the city use \$600,000 of fund balance and using \$1.34 million would further erode the fund balance. A millage rate increase would allow the city to cover the increase personnel cost. It would also replace the fund balances used last year and help prepare the city for pay plan increase in the FY2025 budget.

The city must continue to expand the base and a way to do that is by accepting voluntary annexations and through development. The city has approved over 600 townhomes and new commercial/retail developments help to grow the tax base and revenue. Currently there are two single family subdivisions under construction that could positively impact growth in the tax base.

The next steps for the FY 2024 budget are holding a Public Hearing on June 6th during the regular council meeting followed by budget adoption slated for the June 20th council meeting.

Mr. Penny stated the city is looking at giving hiring bonuses for police officers.

Mr. Penny asked for Council's direction regarding revenue, whether you want to use fund balance or whether you want to look at the millage rate.

Councilmember Venus Mack stated she appreciates that we take care of our employees but the governing body pay is something nobody wants to talk about. She stated she brought this up a couple years back but nobody wanted to have the conversation and asked if council would be open to it.

Councilmember John Riggs stated he is willing to discuss it.

Councilmember Venus Mack asked City Attorney Cain Smith to share with the rest of council what they had come up for governing body pay increase a couple of years ago.

Councilmember Paulette Chavers spoke regarding the millage rate and stated we should just go ahead and do it. She said she understands there will be some backlash like it was last year but is willing to take the backlash because we have to balance the budget. And instead of raising the rate by one or half to go ahead and raise it the two mills that has been recommended.

Councilmember Venus Mack agreed, stating we are showing the community we are doing what we are supposed to do, we are not just raising it and not doing anything. She also asked if there is some type of way that citizens could make monthly tax payments throughout the year so it's not so much of a strain.

After some discussion direction was given to look into what options may be available to our taxpayers regarding incremental payments on their tax bills.

Mayor Pro Tem Shari Barr shared her concern with the increase of rent in the community and the proposed fee increases.

Councilmember Phil Boyum stated that if we are going to raise the millage rate it needs to be announced at budget time.

No action taken.

The meeting was adjourned at 4:32 pm

Jonathan McCollar, Mayor

Leah Harden, City Clerk